AN EMPIRICAL ANALYSIS OF BANKER AND CUSTOMER RELATIONSHIP STRATEGIES WITH REFERENCE TO MARGINAL FARMERS: A STUDY OF DAKSHINA KANNADA DISTRICT

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BY

K. ACHUTHA POOJARY, M.Com.

Assistant Professor in Commerce

Government First Grade College-Sullia-574239

Under the Guidance of

Dr. Y. MUNIRAJU, M.Com, MBA, PhD.

Professor and Dean, Post Graduate Studies and Research in Commerce,

Mangalore University, Mangalagangothri-574199, India.

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1. INTRODUCTION

Historical Background

It is to be interestingly remembered that the history of banking begins with the first prototype bank of the merchants of the ancient world, who issued crop loans to farmers and traders carrying goods between cities. This began around 2000 BC in Babylonia. Later, in ancient Greece and during the Roman Empire, lenders based in temples, issued loans and added two important innovations: acceptance of deposits and converting money. Archaeology from this period in ancient China and India, also showed evidence of money lending activity. Infact, banking, in the modern sense of the word, can be traced to medieval and early Renaissance Italy, to the rich cities in the north, such as Florence, Venice and Genova. The Bardi and Peruzzi families dominated banking in the 14th century by establishing branches in many parts of Europe. Perhaps the most famous Italian bank was the Medici Bank, established by Giovanni Medici in 1397. The oldest bank, still in existence, is the Monte dei Paschi di Siena, headquartered in Siena, Italy, which has been in operation since 1472. It is followed by the Bahrenberg Bank of Hamburg (1590) (Hoggson, 1926).

The development of banking spread from northern Italy throughout the Holy Roman Empire. In 16th century, the position of the Medici's was eventually taken over by the Fuggers and the Welsers, followed by a number of important innovations that took place in Amsterdam during the Dutch Republic in the 17th century, and in London in the 18th century. During the 20th century, developments in telecommunications and computing caused major changes to banking operations, and let banks dramatically increase in size and geographic spread. Matter of fact the original banks were "Merchant Banks" that Italian grain merchants first invented in the Middle Ages. As Lombardy merchants and bankers grew in stature based on the strength of the Lombard plains, cereal crops, many displaced Jews fleeing Spanish persecution were attracted to the trade. They brought with them ancient practices from the Middle and Far East silk routes. Originally, intended to finance long trading journeys, they applied these methods to finance grain production and trading. The first bank of the world was established in Venice with guarantee from the State in 1157. However, the first bank to issue bank notes was the Bank of England in 1695 (Goldthwaite, 1995).

Our country, like in many other spheres, has a long tradition of banking. Evidence regarding the existence of money-lending operations in India is found in the literature of the Vedic times. Manusmriti underlined the importance of money-lending and allied problems in ancient India. According to Manu and Vasistha, the interest rates were not to vary depending on the risk involved or the purpose for which the money was borrowed, were to be directly linked to the caste of the borrowers. However, Chanakya's interest rate structure was risk-weighted since the rate of interest increased with the risk involved in the borrowers' business. Coming to the 19th century, we find that the basic texture of the demography has changed much. Mahatma Gandhi once said that "The soul of India lives in its villages". Considering that around 60percent of the population of the country is dependent on agriculture or the rural economy of India, it would not really be wrong to say that India lives in its villages. Nevertheless, today the agrarian crisis has been accentuated by the collapse of rural economy due to rural push and urban pull (Assadi, 2011).

Various studies have proved that in our country only 6 percent of the 600,000 villages have bank branches. Therefore, banks will have to work hard for financial inclusion. The rural financial system should be strengthened to emerge as a "one-stop-shop" for various types of financial products and services in the rural areas. Our future customers are, no doubt, located in rural areas and taking India to the next level will not be possible without including them in the growth (Subbarao Duvvuri, 2009). According to the National Sample Survey Report on indebtedness of farmer households (2010), 51.4 percent of the total farm households did not have access to credit. Another fact that emerges is that there is a substantial difference between marginal and sub marginal farmers (agricultural labourers) on one hand and the rest of the farmer households on the other, regarding the purpose for which loans are obtained as well as the sources of credit (Shetty, 2010). For all farmer households taken together, the proportion of loans used for production purposes is 65.1 percent as against 40.2 percent for marginal and sub marginal farmer households (those owning 1 hectare or less). For all farmer households, institutional sources were responsible for providing 57.5 percent of the total credit compared to only 39.6 percent among the marginal and sub-marginal category. Thus, a critical issue is how to meet the credit requirements of marginal and sub-marginal farmer (Chhinna, 2007)? Hence, banks need to think deeply how to effectively use the "Business Facilitator and Bank Correspondent" models, which have great potential to reach out to small borrowers and depositors.

Role of Bankers in growth and development of Rural India

At present bankers have been directed by the Reserve Bank of India to introduce the concept of priority sector lending. Priority Sector, broadly, includes lending to the Agriculture Sector, Small Enterprises and other priority areas such as Education, Micro Credit and Housing. Currently, the stipulation is that all the domestic banks, such as nationalised commercial banks, regional rural banks, co-operative banks and private sector banks, should extend credit to the extent of 40 percent of the total net bank credit to the priority sector as a whole, of which 18 percent should be specifically for agriculture. Out of the target of 18 percent for agriculture, at least 13.5 percent should be by way of direct loans to agriculture and the remaining could be in the form of indirect loans (Subbarao Duvvuri, 2009). Where a bank fails to fulfil its commitment towards priority sector lending, it is currently required to contribute to Rural Infrastructure Development Fund (RIDF) set up by NABARD, at an interest rate as low as 3 percent. NABARD, in turn, provides these funds to State Governments and state owned corporations to enable them to complete various types of rural infrastructure projects. Since RIDF is an important instrument for routing bank funds for financing rural infrastructure, the credit needs of the small and marginal farmers also needs to be fulfilled by way of direct agriculture lending which can be done by the banks and the other financial institutions. However, there are some challenges to ensure a smooth and free flow of credit to such category of borrowers.

It is worthwhile to note that, there had been efforts in the past too for providing easy and affordable credit to the poor such as the Self-Help-Groups (SHGs) and the launch of microfinance institutions. The origin of microfinance or micro credit can be traced to the 1976 when Mohammed Yunus set up the Grameena Bank experiment on the outskirts of the Chittagong University Campus as an experiment. These Grameena Banks provide loans to the poor who do not have any collateral. Indian banks and NGOs also experimented with the same idea in the 1990s; however, it may not be wrong to say that the desired results could not be achieved. Unfortunately, even the micro finance industry in India, because of its high interest rates, is dwindling. It is again, the Indian banks and the Indian Banking system that hold the key to the development and strengthening of rural India (Thingalaya, 2000).

Consequently, during the last four decades, in spite of various initiatives and experiments, the provision of banking services to rural people remained too inadequate

and with too little impact. The beneficiaries of banking sector in rural areas were mainly well-to-do farmers and the majority of the small and marginal farmers and resource poor rural households who constitute more than 80 percent of the rural population were left out of the purview of the banking system. The banking system, apparently, has not made any concerted efforts to bring the majority of the rural households to their business fold and develop a strong alternative to the moneylender. In such a situation, the only recourse left to the rural households is to rely on the money lenders, traders and other informal sources. The large number of highly indebted farmers committing suicide in different states is, certainly, an eye-opener for the planners, policy-makers and bankers in this regard (Kidwai, 2012).

2. CONCEPTUAL FRAMEWORK

A. Banker

Sir John Paget opines that "no person or body corporate or otherwise can be a banker who does not

a) take deposit accounts
b) take current accounts
c) issue and pay cheques and
d) collect cheques, for his customers"

From the above cited definition, the salient features of a bank can be explained as follows:

1. A banking company should perform the essential functions of (a) accepting deposits, and (b) lending or investing the same.

2. The deposits have to be repaid either on demand or after expiry of a specified period.

3. The word "public" is significant, and it implies that a banker accepts deposits from anyone who offers his money for such purpose.

4. A bank should also perform the function of collection of cheques for and on behalf of his customers.

5. It should perform banking as the main business.

B. Customer

The term ‘customer’ has not yet been statutorily defined. However, in common parlance the term ‘customer’ refers to an individual or institution or organisation, which has an account with the bank.

According to Sir John Paget, “to constitute a customer there must be some recognizable course or habit of dealing in the nature of regular banking business.” Thus, as per his view, to constitute a customer of a bank, a person has to satisfy the following two conditions:

a. There should be some recognizable course or habit of dealings between him and the bank.
b. The transactions should be in the nature of regular banking business, i.e., frequency of transaction is expected

Thus, to constitute customer, a person should have the following salient features, viz.,

1. He should have an account with the bank, whether fixed, savings or current.
2. The dealings should be of a banking nature to be distinguished from other dealings, which are of a casual nature.
3. Frequency of transactions is not necessary, though anticipated (Varshney, 2005)

In a nutshell, a person does not become a customer simply by opening an account with the bank. He should be in the habit of dealing with the bank. It means to say that there should be some measure of continuity in his dealings with the bank.

C. Marginal Farmer

In India, Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers Development Agency (MFAL) were created in 1970-71 with an outlay of Rs.115crore. As per MFAL agency, marginal farmers are those farmers with land holdings less than 2.50 acres and rural households deriving more than 50 percent of their income from agriculture are designated as agricultural labourers (Mishra and Puri, 2008). In order to bridge the gap between the small and big farmers, which is likely to be widened in the course of induced development, the all India Rural Credit Review Committee recommended the setting up of the Small Farmers Development Agency (SFDA) and the Marginal Farmers and Agricultural Labourers Development Agency (MFAL).The SFDA assists small farmers in matter of irrigation facilities, land improvement and technical

know-how with a view to changing the farms into progressively prosperous and viable units**.**

According to SFDA and MFAL Agencies, those holding between 1.25 and 2.50 acres of wet land or 2.5 and 5 acres of garden land are described as small farmers. Marginal farmers are those having 1.25 acres of wet land or 2.5 acres of garden lands. Agricultural labourers comprise those having a homestead and earning 50 percent or more of their income from agricultural labour wages (Ruddar Dutt and Sundaram, 2006).

The Marginal Farmers and Agricultural Labourers Development Agency (MFAL) classify the marginal farmers into 3 types;

1. Small farmers: Those who have very small land holdings, and thus are forced to work on the farms of others to make both ends meet.

2. Tenants: Those who work on leased land, but this is not their main source of income and

3. Sharecroppers: Those who besides sharing the produce of the land cultivated by them also work as labourers (Mishra and Puri, 2008).

Table 1.1 Size of Land Holdings by different category of farmers

Sl. No.	Category of Farmers	Size of Land Holdings (In hectares)	Percentage of Land Holdings
1.	Marginal Farmers	0-1.0	63.0%
2.	Small Farmers	1.0-2.0	18.9%
3.	Semi- Medium Farmers	2.0-4.0	11.7%
4.	Medium Farmers	4.0-10.0	5.4%
5.	Large Farmers	Above 10.0	1.0%

Source: GOI, Ministry of Agriculture- Agricultural Statistics at a Glance (2009-10)

The table shows that those farmers who hold less than 1 hectare (2.5 acres) of agriculture land are treated as marginal farmers in India. They have landholdings of about 63 percent of total agricultural landholdings in India. Hence, they represent a major segment of the agricultural farmers in the country. The rapid increase in population, subdivision and fragmentation of landholdings and the changed family system from joint to nuclear families in rural India, has made the size of holdings smaller and smaller.

D. Customer Relationship Management (CRM)

As the customer has become the vital focus in all sectors of the banking industry, the better performance by banks is possible only if they offer need based and superior quality services to their customer taking into consideration the domestic economy and also needs of the customer. Today, the relationship between the banker and customer has come under sharp focus both at the bankers as well as at the customers' ends (Kincaid, 2003). Customers expect greater customer service and convenient banking facilities at an affordable cost. 'Change' is the only constant thing in life and the present changes in the globalised economy and changes in the lifestyles of customers can be very easily encashed by the banks by providing quality services at the right time and at the right place. Therefore, the bankers should be sensitive to customers' perceptions. The expectations of the customers should be understood and powerful strategies are to be implemented by the banks (Gayathri Balakrishnan, 2010).

However, customer service will not improve by regulatory directives. It will improve only when banks genuinely feel for the customers and treat the customers as king. It is neither the hardware nor the software but the human ware which is going to improve the customer service**.** The customers are very essential for the banking business and only through the specialised services the retaining and attracting of the current and potential customers is possible. Moreover, the bankers should be sensitive to customers' perceptions. The expectations of the customers should be understood and powerful strategies needed to be implemented by the banks. The value of services provided should be measured in terms of quantity and quality. To be successful a banker needs to be not just High Tech, but High Touch as well (Yashoda and Duggappa, 2011).

3. REVIEW OF LITERATURE

It is relevant to note that in order to understand the scope of the study, literature survey becomes indispensable. In other words, the review of different concepts used, research methodologies adopted, new formulae developed, theories propounded, the analytical tools used, etc., enables the researcher to maintain quality and clarity in his research study. Further, it helps the researcher to have a better understanding of the contribution made by various academicians, researchers, and scholars and relate them to the present study. Literature review also enables the researcher to point out the research gaps

and to fill such gaps by tracing out some new concepts and theories for further research in the area.

In India, majority of the village population belongs to two main sections of society viz, marginal farmers and agricultural labourers. The marginal farmers are those with operational landholdings of less than 1 hectare or 2.5 acres. They represent the weakest section that plays a dominant role in the agrarian structure of the country. Few literatures, which give a bird's eye view of problems and prospects of marginal farmers, have been taken up for discussion.

Syed Pasha (1991) revealed in his study on "Sustainability and viability of small and marginal farmers" that the prominent feature of the structural change in agriculture is the increase in the number of marginal holdings of below one hectare without a proportionate increase in the area operated by them. It is the fact that in India small and marginal farmers are, generally, resource–poor. **Wyn Grant and Mc Namara** (1996) came to know when they had an interview with bankers and other providers of agricultural finance in Britain and Ireland that getting farmers into the bank is very difficult when compared to any other business. Farmers who do change, don't change on cost, it is because the branch manager sitting in front of them doesn't understand what they are talking about. **Shivamaggi** (1998) disclosed in his study on "policy on credit to small and marginal farmers and landless labourers" that the small and marginal farmers and agricultural labourers are, by and large, illiterate, backward, and tradition-bound. **Thomas** (2006) argues that the fruits of reforms must percolate to the rural masses. The country cannot look forward to growth without adequate support from agricultural sector. Hence, more focus should be on making agriculture competitive and a lot more commercial. "Agriculture is not just a question of economics and trade, but of dignity and survival". **Rebecca Kent and Colin Poulton** (2008) found that marginal farmers are *"farming yet hungry" and popularly, identified as "food–poor small farmers"* as they belong to food poor households for whom farming is a major livelihood activity, yet who have insufficient assets to produce a surplus from their agricultural activities and whose non-farm activities are, insufficiently, reliable or remunerative for them to rely on market purchases for adequate food intake. **Wakude, et.al** (2009) confirmed in his study on "Farmers' Suicides-Its Causes & Remedies" that to commit suicide is not normal, but it generally occurred among farmers due to fear such as pressure of money lenders and the failure of repaying the loan which would result in their lands being forcibly taken away. Above all, economic condition, in many cases, changes to

such an extent that the farmers are unable to face the society. **Sanjay Tekade and Jambhulkar** (2011) suggested that for marginal farmers and particularly women farmers, in order to get benefit from programmes to improved access to land, the intervention must take into account the challenges involved in strengthening women's claims on lands. Agricultural research has not always recognised the needs of marginal farmers; but increased funding will need to target the farming system and crops important to marginal farmers. **Mahendra Singh** (2012) observed that the Indian agriculture characterised by millions of marginal and small farmers, is facing difficulties to operate the high risk of farming. The risks are related to weather uncertainties, uneven access to technologies and natural resources, unreliable input supplies, stressed infrastructure in power and irrigation and uncertain marketing arrangements.

Customer Relationship Management (CRM) is a holistic concept that envisages a long term relationship with Customers whose contribution to the organization is really significant. On the other hand, CRM is a broad concept composed of creating retaining and expanding customer relationships in banking sector. The literatures envisaging the above facts have been illustrated as follows.

Srivastava (1998) pointed out that human relations development is the crux of the problem of banker and customer relationship. They are able to satisfy only the physiological and security needs of the customer fully, but the social needs and ego needs are partly or hardly satisfied. **Karthik Dave** (2009) highlights the fact that customer relationship has become backbone for survival of any banking company. Effective implementation of customer relationship marketing strategies can, dramatically, improve relationship between bank and its customers. **Craig Donaldson** (2010) provides that consumers expect great customer service and convenient and easy access to banking facility. Banks need to move away from traditional branch models and follow the example of retailers. The customers do not care for the price, what they want is its value; customers want better banking experience. **David Haigh** (2010) revealed in his study on " Retail banks must meet the Metro challenge" that bank brands only appeal to customers when they stand with rock-solid corporate reputation generating high levels of trust and then build an appealing proposition on those strong foundations. **Gayathri Balakrishnan** (2010) reported that bankers should be sensitive to customers' perceptions. The expectation of the customers should be understood and powerful strategies are to be implemented by banks. To be successful in business, a bank needs to be not just hi-tech, but high touch as well. Banks should provide their services not

only in quantity but also in quality. **Dinesh Bakkad** (2011) analyses that customer relationship management in banking is concerned with attracting, maintaining and enhancing customer relationship. Customer Relationship Management (CRM) goes beyond the transactional exchange. Customer can be provided with products and services for effective relationship. **John Beck** (2011) found that there are two important drivers which have changed the behaviour, one is convenience and the other one is connectivity. People want convenience and connectivity to their friends and the market place today. Due to the connected world people have a choice and a plethora of options to negotiate the best deal that they can.

4. BANKERS' AND MARGINAL FARMERS' RELATIONSHIP STRATEGIES

At present, bankers are under the obligation to adopt friendly approach towards the financially excluded and socially disadvantaged sections of the society. Hence, it is necessary that the present banking should be very comprehensive in scope and wider in financial services and programmes so as to strengthen their relationship with marginal farmers. The important strategies exercised by the modern bankers may be stated as follows.

- Opening "No frills Accounts"/ "Zero Balance Account
- Granting small overdrafts on "No Frills Accounts"
- Simplification of KYC norms
- Engaging Bank Correspondents and Business Facilitators
- Use of Information and Communication Technology in banks
- Issue of Kisan Credit Cards (KCCs)
- General Credit Cards (GCCs)
- Opening branches in unbanked rural Areas
- Establishing Financial Literacy and Credit Counseling (FICCs) Centers
- SHG-Bank Linkage Programme
- Granting loans at Differential Rate of Interest (DRI)
- Conducting Loan Adalat and Recovery Adalat at rural areas
- Providing Crop Insurance Facility to farmers
- Strategies for increased Savings/Deposits
- Strategies for increased Lending

- Creating awareness and publicity measures
- Friendly Attitude and Human Touch
- Increasing Corporate Social Responsibility in Banks
- Strengthening of the Banking Ombudsman Scheme
- Visiting farmers' houses/farms.
- Introducing Financial Inclusion Plan (FIP); The FIP involves certain tailor made strategies, such as ICT based banking services like, Debit Card, Credit Card, Internet banking, Mobile Banking, Micro Insurance and Micro Credit facilities, granting loans through Joint Liability Groups (JLG) Model, conducting customers' meet at villages, implementing Pradhan Mantri Jan Dhan Yojana (PMJDY),etc.

5. STATEMENT OF THE PROBLEM AND RESEARCH QUESTIONS

Farmers are the most integrated segment of the society, yet they have been deprived of social and economic justice. The low economic status of agricultural people is a great threat to the Indian economy and therefore, their life system, economic position, social status and educational level must be enhanced. The question arises as to why in spite of four decades of the banking sector involvement in financing rural development, rural India is, today, in deep crisis. The banking sector, no doubt contributed significantly to trigger Green Revolution in financing agriculture, which enabled the country to overcome food crisis and achieve self-sufficiency in food (Shreedhar, 2011).

Indian farmers today are in the process of marginalisation and pauperisation. Indian agriculture is plagued with factors such as the problem of dependence on monsoon, low productivity, high cost paid out inputs, volatility of output price, market uncertainties, mounting indebtedness, low value addition, and poor rural infrastructure. Instead of continuing as a parking lot to poor people, the rural sector should become a place for lucrative returns and ample employment opportunities (Shetty, 2010).

Rural banking in India is today at the cross roads. The strategies adopted in the past were mainly centred on the supply side by compulsion. There was hardly any policy focus on the demand side to meet the financial needs of rural households. Expansion of bank network under lead bank scheme and targeted credit to specified sectors are still not covered by the banks as expected. The products supplied by them do not pass the test of appropriateness of rural areas like relevance, convenience, reliability, flexibility and continuity. The banks no longer consider the 750 million rural people at the bottom of the

pyramid as business opportunities for banking. The Grameena Banks have not been given a fair deal under the financial sector reforms (Shetty, 2010).The institutional structure of rural banking today consists of a set of multi-agency channels, namely Commercial Banks, Regional Rural Banks, Co-Operative Banks and Land Development Banks to disperse adequate credit at cheaper rates. As a result, they could not achieve the targeted credit needs of the most disadvantaged sector like marginal farmers. Even though the significance of banking and credit relations between bankers and farmers is increasing, no remarkable attempt has been made to throw light on the Relationship between Bankers' and Farmers' in general and Bankers and Marginal Farmers' Relationship in particular. Hence, the present study is going to make an attempt to bridge the aforesaid gap.

Research Questions

The research study proposes to provide answer to the following five research questions:

RQ 1. What is the present socio-economic profile of the marginal farmers in Dakshina Kannada district?

RQ 2. What are the major problems faced by the marginal farmers in Dakshina Kannada district?

RQ 3. How far has the financial performance and attitude of bankers influenced the socio-economic empowerment of marginal farmers?

RQ 4. What is the nature of the present relationship between bankers and marginal farmers in the district?

RQ 5. What are the strategies that can be undertaken for the socio-economic empowerment of marginal farmers?

6. OBJECTIVES OF THE STUDY

The study has the following specific objectives:

1. To study the socio-economic profile of marginal farmers.
2. To examine the major problems faced by the marginal farmers in Dakshina Kannada district.
3. To evaluate the performance and prospects of bankers towards marginal farmers.
4. To assess the existing farmer-friendly transactions and relationship strategies in banks.

5. To suggest suitable strategies and policy measures for strengthening bankers' and marginal farmers' relationship.

7. RESEARCH METHODOLOGY AND SAMPLE DESIGN

The present study is empirical and analytical in nature. The thesis has been developed on the basis of primary data. However, secondary data was also collected by referring Textbooks, Periodicals, Lead Bank Reviews, Journals, Bank Annual Reports, Newspaper articles, RBI and NABARD websites, District Statistical Report, etc. The primary data has been collected through field survey with the help of two sets of pre-tested questionnaires-one for the marginal farmers and another for bankers.

The sample design of marginal farmers is structured as given below.

Table 1.2 Sample Design of Marginal Farmers

Sl. No.	Taluks	Size of population (Marginal Farmers)	Sample Size
1.	Bantwal	36,004	93
2.	Belthangady	30,056	77
3.	Mangalore	40,845	105
4.	Puttur	32,162	83
5.	Sullia	16,461	42
	Total	**155,528**	**400**

Source: Compiled by the researcher

The sample size was calculated based on the formula, $n=N/1+Ne^{2.}$ Where n=sample size required, N=population size, e=level of precision, usually between 0-10 percent. For the present study, precision level taken was 5 percent (Yamane, Taro, 1967). Hence, the sample size obtained was 400, comprising of Mangalore 105, Bantwal 93, Belthangady 77, Puttur 83 and Sullia 42 marginal farmer respondents**.** The parameter used to select the respondents was the possession of bank accounts either savings or loan account. The district is composed of 354 villages with 17 hobalies having 155,528 marginal farmers (District Statistical Report, 2011), which is composed of Bantwal 36,004 marginal farmers, Belthangady 30, 056, Mangalore 40, 845, Puttur 32,162 and Sullia 16,461 farmers.

As far as bankers are concerned, the respondents were taken from rural and semi urban areas and excluded urban areas which is found only in Mangalore taluk. The prime criteria to select bank branches were its location and the type of customers they deal with. The respondent bank branches are composed of Co-operatives, Regional Rural Banks, Commercial Banks and Private Financial Institutions.

The sample design of bankers is presented in the table shown below.

Table No. 1.3 Sample Design of Bankers

Sl. No.	Types of Banks	Semi Urban	Rural	Total	Sample Size
1.	Nationalized Banks	37	119	156	38
2.	Regional Rural Banks (KVG Bank)	6	12	18	10
3.	Private Sector Banks	20	18	38	10*
4.	Co-operative Banks	13	22	35	27**
	Total	**76**	**171**	**247**	**85**

Source: Compiled by the researcher

There are 427 bank branches in the district, comprising of 313 Nationalised Commercial Bank branches, 19 branches of Regional Rural Banks (Karnataka Vikasa Grameena Bank), 55 Private Sector Bank branches, 40 Co-operative Bank branches, and 1 KSFC. Out of the total 427 branches, 180 branches are situated in urban areas, located only in Mangalore taluk, and are therefore, excluded from the present study. Therefore, only 247 branches were taken as respondents. For the purpose of making the study more authoritative and specific, commercial banks were treated separately as Private Banks and Nationalised Banks. Hence, for the present study, banks have been classified into four broad categories, such as Nationalised Banks, Regional Rural Banks, Private Banks, and Co-operative Banks. The sample size taken was 85, comprising of 38 branches of Nationalised Banks, 10 branches of Regional Rural Banks (Karnataka Vikasa Grameena Bank), 10 branches of Private Sector Banks, and 27 Co-operative Bank branches. *In Dakshina Kannada district, Karnataka Bank Ltd. is the only major private sector bank, which deals with agricultural credit. Hence, only 10 samples were taken.**Regarding Co-operative Banks, mainly three types of banks were considered for sampling purpose, such as the Co-operative Agricultural Bank, District Co-operative Bank, and the Primary Co-

operative Agricultural and Rural Development Bank (Land Mortgage Banks). Since there are three different types of co-operative banks, the sample size was restricted to 27. Therefore, due to this technical reason, proportional samples were not taken.

8. RESEARCH HYPOTHESES

An extensive review of the various literatures and the objectives of the study enabled the researcher to develop the following research hypotheses.

H_1. The bank transactions will strengthen the socio-economic empowerment of marginal farmers.

H_2. The agricultural lending to marginal farmers has been increasing year after year.

H_3. The selection of a bank by the marginal farmers is highly dependent upon its location close to their house.

H_4. There is significant awareness among the marginal farmers with regard to the use of Automated Teller Machines (ATM) in the district.

H_5. The bank preference of marginal farmers is relatively higher in favour of Regional Rural Banks (Karnataka Vikasa Grameena Bank).

9. SCOPE AND LIMITATION OF THE STUDY

It is heartening to note that Dakshina Kannada district is regarded as the “Cradle of Banks” since five major commercial banks such as Corporation Bank, Canara Bank, Syndicate Bank, Vijaya Bank, and Karnataka Bank Ltd. had originated from the erstwhile undivided Dakshina Kannada district. Moreover, the people of this district are highly literate and are engaged in divergent occupations and multifarious economic activities. However, agriculture is still the main occupation of livelihood in rural and coastal areas. Unfortunately, a considerable sum of money that is meant for the poorest of the poor does not actually reach them. Through government bureaucracy, much of the funds are believed to be swindled. Hence, it does not reach the intended parties. The Government has been therefore, insisting on direct cash transfers to beneficiaries through their bank accounts, rather than subsidised products and making cash payments. All these efforts require an efficient and affordable banking system that can reach out to all. Therefore, there has been a continuous push for financial inclusion in the present scenario.

The present system of agricultural credit in India consists of two sectors, viz., the institutional and non-institutional. The non-institutional sector consists mainly of the

professional and non-professional moneylenders, relatives, and friends of the marginal farmers. Marginal farmer households constitute nearly 66 percent of the total farm households, of which 45 percent are indebted to either formal or non-formal sources of finance. Only 20 percent of the indebted marginal farmer households have access to formal sources of credit. So, the financial norms and viability also vary from formal to informal. In case of non-formal sources of credit, this criterion varies from one source to another and no fixed yardstick can be identified while granting credit **(**Chhinna, 2007).

A few specific **limitations** of the present study may be pinpointed as under.

1. Though the study attempts to examine the socio-economic profile of marginal farmers and their relationship with bankers, the area is restricted merely to Dakshina Kannada district.
2. The study mainly throws light upon the performance and attitude of bankers towards marginal farmers, and the behaviour of marginal farmers with regard to bank dealings and the nature of availing the modern multi-channel banking services.
3. The study intends to highlight the banker and customer relationship strategies with special reference to marginal farmers only. The other four categories such as small farmers, semi–medium, medium, and large farmers have been excluded from the study.
4. This study is considered to be of a “micro analysis” nature. So, the inferences and conclusion drawn on this basis cannot be made applicable to all types of farmers.
5. The present study throws light exclusively on the general relationship between bankers and marginal farmers, and no information has been collected on special relationship.
6. The institutional credit sector comprises of the government, co-operative banks, commercial banks, and regional rural banks. However, for the purpose of analysing the relationship strategies, government agencies have not been considered.
7. The study is mainly based on the primary data collected from the sample survey of marginal farmers and bankers. As the farmers do not maintain any records of income and expenditure related to the farm, the data has been recollected from the memory of the farmers. So, the inferences drawn on this basis may be biased and incomplete.
8. Agricultural labourers are not organised like industrial labourers. They are not only illiterate, but also ignorant and live in scattered villages. Therefore, it would be very difficult to get a consistency of their views and reactions. The data and information collected under such consideration may be vague or far from truth.

10. SIGNIFICANCE OF THE STUDY

Rural agricultural finance, despite 67 years of independence, is still dominated by powerful moneylenders who are against all developmental activities and welfare of the agriculturists. Heavy imperfections in the rural market are causing severe damage to the performance of agriculture and agriculturists. Credit supply plays a dominant role in the development process and smooth functioning of any economy. A shortage of credit may cause distress if not dealt with properly. It is a well-documented issue that income generating sources for Indian farmers are meagre and they are unable to meet all their needs. The cash inflow is not continuous and agricultural income is seasonal, and therefore, rural agriculturists are unable to meet any exigencies of cash requirement.

The average per capita size of landholding has been declining, leading to increase in the number of small and marginal farmers. The small and marginal farmers represent the growing species of the Indian agriculture. The big farmers are vanishing from the agricultural scenario. The large farmers are getting converted into small and marginal farmers because of the growth of population, laws of inheritance, etc. Nearly 30 percent of the land is being cultivated by marginal farmers, representing nearly 70 percent of the farmers (Assadi, 2011). There has been a spectacular rise in the number of agricultural labourers without any asset–base, who depend on wage-employment in agriculture. As a consequence of industrialisation, almost all rural artisans have lost their jobs and have joined the ranks of agriculture labour. The low wages, seasonal unemployment, and underemployment pushed these unfortunate sections into the vicious circle of poverty, unemployment, and indebtedness.

The incidence of rural poverty is also reflected by the rapid growth in the number of small and marginal farmers. It is observed that nearly 30 percent of the land holdings are marginal holdings having less than 2.5 acres of land and marginal farmers constituted more than 60 percent of the total farmer households. They undertake agricultural operations in 57482 hectares out of the total 193,185 hectares of agricultural land area (2005-06 Agricultural Censuses) in the district. This is an indication that in Dakshina Kannada district, 72.91 percent farming community comprises of marginal farmers having only 29.75 percent of the total agriculture landholdings (Imperial Gazetteer of India, South Kanara, September 4th, 2009).

How far have the financial sector reforms and prudential regulations changed the landscape of financial services from class banking to social banking? Further, what kinds of attitude do rural bankers have towards marginal farmers and vice versa, and by and large, what kind of relationship exists between bankers and marginal farmers in the district? The answers to these striking questions could be found in the present study.

11. FINDINGS OF THE STUDY

The analysis and interpretation made on the basis of the empirical study enabled the researcher to provide some significant suggestions. The summary of findings/inferences of the study is highlighted in three broad segments as follows:

A. Socio-economic Profile of the Respondents

The researcher has highlighted the following summary of findings on socio-economic profile of the respondents.

- As far as location of bank branches is concerned, 65.9 percent branches are located in rural areas and 34.1 percent branches are in semi-urban areas. It is also clear from the analysis that Private Banks (70 percent) are more in semi–urban areas when compared to Co-operative Banks (18.5 percent), Karnataka Vikasa Grameena Bank (30 percent), and Public Sector Banks (36.8 percent). The Chi-square Test result ($p=0.031<0.05$) proved that there is significant difference between the banks regarding their branch location.
- With regard to the age group of respondents, 46.8 percent respondents were in the age group of 51-60 years, 29.8 percent respondents were in the age group of 36-50 years, 16.0 percent respondents fall in the age group of above 60 years, and 7.4 percent respondents were found in the age group of 26-35 years. Therefore, it is proved in the analysis that majority (46.8 percent) of the marginal farmers were in the age group of 51-60 years.
- Regarding the educational level of respondents, 52.0 percent respondents had education upto 7^{th} standard, 25.4 percent respondents were illiterate, 19.8 percent respondents had education upto PUC and 2.8 percent respondents were graduates. Thus, the analysis proved that majority (44.3 percent) of the respondents had the education upto 7^{th} standard. Only few respondents had graduation and above qualification. Among those who were illiterate, majority of them had banking transactions with Nationalised Banks and Co-operative Banks. The Chi-square test result ($p=0.223>0.05$) showed that there is no significant difference in the educational qualification of the farmer respondents of different banks.

- As regards the size of family of the respondents, 68.8 percent respondents had 4-6 people in their families, 21.8 percent had 7-9 persons, 4.8 percent each respondents had 2-3 and above 9 members, respectively, in their families. The analysis had shown that majority (68.8 percent) of the respondents had 4-6 members in their families. The Fisher's Exact test result ($p=0.000<0.01$) showed that there is a highly significant difference between the respondents with regards to the number of members of their family.
- It is evident from the analysis that majority (33.3percent) of the respondents' annual family income is ₹100001-₹125000. On the other hand, more than 50 percent of the respondent's annual income is less than ₹125,000 per annum. Fisher's exact test result ($p=0.000<0.01$) shows that there is a highly significant difference between the respondents regarding their annual family income.
- The main source of income of all the farmers is agriculture. About 80 percent of the farmers' income source is wages or salaries, 57.5 percent have horticulture, 50.5 percent have other sources like self- employment, bee-keeping, etc., 41.5 percent farmers' source of income is dairy farming, 26.0 percent farmers have animal husbandry, and 17.0 percent have business as a source of income along with agriculture.
- With regard to the type or nature of house of marginal farmers, 78.0 percent respondents had tiled houses, 15.0 percent respondents had RCC houses, and 7.0 percent respondents possessed thatched houses. The Chi-square test result ($p=0.000<0.01$) shows that there is a highly significant difference among the respondents as regards the type of houses they have.
- As regards the type of savings accounts opened by the farmer respondents, 80.2 percent have opened "Minimum Balance Account" and 19.8 percent respondents have opened "No Frills Account". From the analysis it is clear that as far as the no frills accounts are concerned, Karnataka Vikasa Grameena Bank played a significant role, and regarding the minimum balance accounts almost all types of banks played an equal role. The Chi-square test result ($p=0.000<0.01$) showed that there is a highly significant difference between the respondents with respect to the type of account they possess.

B. Major Problems of the Respondents

The summary of findings pertaining to the major problems faced by the respondents is pinpointed as follows.

- From the analysis it is clear that as regards the financial problems faced by the respondents, the customers of Co-operative Banks have more problems as the amount of credit available to them is inadequate and untimely when compared with other banks. Likewise, the

respondents of Private Banks have least financial problems as they are granted adequate amount of loan on time. The Chi-square test result ($p=0.000<0.01$) shows that there is a highly significant difference between the respondents regarding their financial problems.

- Regarding the labour problems faced by marginal farmers, 66.2 percent respondents have labour problems and 33.8 percent respondents do not have any labour problems. It is proved in the analysis that, labour problems are more in the respondents of Private Banks and Nationalised Banks as their agricultural operations are large when compared with Co-operative Banks and Karnataka Vikasa Grameena Bank. It is clearly indicated in the Chi-square test result ($p=.001<0.01$) that there is a highly significant difference between the respondents regarding labour problems.
- Regarding the problems of marketing of agricultural products, 70.5 percent respondents have problems and 29.5 percent respondents do not have problems in marketing their agricultural produce. The analysis has shown that the problem of marketing of agricultural produce is more for the customers of Private Banks and Co-operative Banks. The Chi-square test result ($p=0.000<0.01$) shows that there is a highly significant difference between the respondents as regards problem of marketing of agricultural produce.
- In the case of problems associated with borrowings from banks, 50.5 percent respondents reported too many formalities and heavy paperwork, 48.8 percent respondents stated high rate of interest, 44.8 percent reported inadequate credit, 44.5 percent had location difficulty, 39.0 percent respondents mentioned harassment by the bank staff, and 25.0 percent stated corruption or bribes.
- As regards the problems associated with marginal farmers, it has been revealed in the analysis that, 48.2 percent banks mentioned the lack of awareness, 47.1 percent reported misuse of loans and traditional methods of farming, 35.3 percent said personal ethos, 34.1 percent said unproductive activities, and 23.5 percent banks mentioned lack of willingness to have banking transactions on the part of marginal farmers.
- Regarding the deposit mobilisation from marginal farmers, 65.9 percent banks reported lack of banking habits, 36.5 percent banks reported lack of awareness, 35.3 percent banks reported competition from other banks, and 31.8 percent banks stated that farmers were interested in investing on other assets rather than depositing in banks.
- The banks reported that the main problem of recovery of loans from marginal farmers was due to poor income generation (54.1 percent), wrong use of loans (45.9 percent),

government policies (38.8 percent), lack of willingness to repay (35.3 percent), political interference (28.2 percent), and problem of recovery suits (18.8 percent).

- One of the serious complaints raised by the farmer respondents during the field survey was against the Co-operative Banks that, they did not provide adequate and timely credit to the farmers. Undue delays were found in the dispensation of credit. The scale of finance fixed by the Block Level Bankers' Committee (BLBC) was also inadequate and farm labour had become costly.

C. Relationship Strategies of the Respondents

The following are the findings related to the bankers' and marginal farmers' relationship strategies.

- As regards the number of No Frills A/c (NFA) opened by the banks, the Nationalised Banks had opened 104277 accounts, 8173 General Credit Cards (GCCs) were issued with loan amount of ₹ 1171.47 lakhs, which was about 60.82 percent of the total loans advanced on 'no frills accounts'. Thus, it was proved that, as far as no frills accounts, issue of GCCs, and total amount of loans granted are concerned, Nationalised Banks played a dominant role when compared with Private Sector Banks, Karnataka Vikasa Grameena Bank, and Co-operative Banks.
- The analysis revealed that, 37.1 percent banks conducted Saving Bank Account opening campaign, 63.5 percent banks conducted customers meet, 20 percent banks conducted recovery adalat, and 12.9 percent banks opened financial literacy units and credit counseling centres. Majority of the banks undertook two main financial inclusion strategies such as Savings Bank Account opening campaign (67.1 percent) and customers' meet (63.5 percent).
- The data analysis showed that there was steady increase in agricultural lending over the years as it is proved in the KW Test that, in 2007-08 the value was 53.492, in 2008-09; it was 55.468, 61.525 in 2009-10, and 61.449 and 60.649 during 2010-12 and 2011-12 respectively. The Kruskal Wallis Test and Friedman Test results ($p=0.000<0.01$) have shown that there is a highly significant difference between the banks with regards to percentage of agricultural lending.
- As regards the provision of loans to Self Help Groups, 94.1 percent of banks provide loans to Self Help Groups, whereas 2.9 percent banks do not provide. By and large, Karnataka Vikasa Grameena Bank (100.0 percent) and Private Banks (100.0 percent) play a dominant

role in case of loans granted to SHGs when compared to Nationalised Banks and Co-operative Banks. Fisher's Exact Test result ($p=0.613>0.05$) shows that there is no significant difference between the banks with respect to provision of loans to SHGs.

- It is evident from the analysis that, 68.2 percent of the banks provide loans at Differential Rate of Interest (DRI) of 4 percent to marginal farmers and 31.8 percent of the banks do not provide. Co-operative Banks come in first at 85.2 percent in providing loans at differential rate of interest, followed by Nationalised Banks at 76.3 percent. Fisher's Exact Test result ($p=0.000<0.010$ shows that there is a highly significant difference between banks with respect to providing loans at differential rate of interest.
- The analysis proved that 57.6 percent banks do not conduct 'Loan Adalat' at village levels and 42.4 percent banks conduct Loan Adalat. In case of conducting 'Loan Adalath' in villages, Private Banks (70.0 percent) play a significant role when compared to other types of banks. Fisher's Exact Test result ($p=0.000<0.01$) reveals that there is a highly significant difference between banks with respect to conducting Loan Adalath in villages.
- It is evident that 78.8 percent of the banks provide Crop Insurance Facility and 21.2 percent do not provide that facility. As far as crop insurance facility is concerned, Karnataka Vikasa Grameena Bank (100.0 percent) plays a significant role when compared to Nationalised Banks (81.6 percent), Private Banks (80.0 percent), and Co-operative Banks (66.7 percent). It has been proved by Fisher's Exact Test result $p=0.171>0.05$that there is no significant difference between the banks regarding crop insurance facility.
- As far as awareness about Bank Correspondents (BCs) and Business Facilitators (BFs) Models on the part of marginal farmers are concerned, 65.3 percent respondents are aware and 34.7 percent respondents are not aware. From the analysis it is evident that awareness about BCs and BFs is highest among customers of Nationalised Banks (54.1 percent) and Private Banks (47.1 percent) when compared to Co-operative Banks and Karnataka Vikasa Grameena Bank. The Chi-square test result ($p=0.000<0.01$) shows that there is a highly significant difference between the respondents with regards to awareness of BCs and BFs.
- Relating to Kisan Credit Cards (KCCs), 71.8 percent respondents do not hold KCCs and 28.2 percent respondents possess KCCs. The Chi-square test result ($p=0.002<0.01$) showed that there is a highly significant difference between banks regarding the issue of KCCs. The analysis proved that majority (71.8 percent) of the marginal farmers does not hold KCCs. Co-operative Banks (31.9 percent) and Nationalised Banks (31.3 percent) played a

significant role in the issue of KCCs when compared to Karnataka Vikasa Grameena Bank (27.0 percent), whereas the role of Private Banks was very passive in this regard.

- In the case of the number of visits made by the respondents to their banks, 36.8 percent respondents visited their banks once in a month, 33.8 percent respondents visited occasionally, 21.3 percent customers visited once in 15 days, 4.3 percent respondents visited once in a week, and 4.0 percent respondents visited twice a week. The analysis showed that majority (36.8 percent) of the respondents visited their banks once in a month or occasionally and only few (21.3 percent) respondents visited their banks once in 15 days. Hence, it is evident that there is no frequent visit to banks by the respondents and the banking habit of marginal farmers is very low. Fisher's Exact Test result ($p=0.000<0.01$) shows that there is a highly significant difference between the respondents as regards the number of visit to their banks.
- Regarding the visit made by the bank staff to the farm or house of respondents, 72.8 percent respondents said that their banker had never visited them and 27.2 percent said that their banks had visited them either before or after sanctioning of loans to them. The Chi-square test result ($p=0.000<0.01$) shows that there is a highly significant difference between the respondents in relation to responses regarding the visit of their banks either to their agricultural land or houses.
- Regarding the respondent's preference on selecting the banks, it is clear that, 48.3 percent respondents preferred Co-operative Banks, 25.3 percent preferred Public Sector Banks, 16.8 percent respondents have shown preference to Karnataka Vikasa Grameena Bank, and 10.5 percent respondents preferred Private Sector Banks. It is evident that majority of the respondents preferred Co-operative Banks (48.3 percent) and Public Sector Banks (25.3 percent). So, there is significant difference among the respondents as regards their bank preference as $X^2=130.03$, $p=0.000< 0.01$.
- It is confirmed through analysis that, Nationalised Banks have provided loans for about 19,563 Self Help Groups (SHGs), which was 63.12 percent of the total SHGs. Likewise, Private Banks granted loans to 2324 SHGs (7.50 percent), Karnataka Vikasa Grameena Bank granted loans to 479 SHGs (1.55 percent). Whereas, Co-operative Banks granted loans to 8624 SHGs (27.83 percent). Hence, it is clear that, Nationalised Banks have played a significant role with respect to number of SHGs as well as total amount of loans granted to SHGs when compared to other categories of banks.

- Karnataka Vikasa Grameena Bank issued significantly more number of Kisan Credit Cards when compared to Nationalised Banks, Co-operative Banks, and Private Banks. The average number of cards issued by KVG Banks was 607.50 ±380.585. In the case of Co-operative Banks, it was 526.71 ± 356.916 at second place in the number of cards issued. Whereas in Nationalised Banks it was 98.75± 85.272 and in Private Banks it was 46.20 ± 46.537. Fishers Exact Test result ($p=0.000<0.01$) shows that there is a highly significant difference between banks with regards to the number of Kisan Credit Cards issued.
- As regards Bank Correspondents/Business Facilitators (BC/BF), 63.5 percent banks do not have BC/BF model and 36.5 percent have that facility with them. As far as Bank Correspondent/Business facilitators are concerned, majority of the Nationalised Banks (68.4 percent) and Private Banks (50.0percent) have that facility. However, that facility is not found in case of Regional Rural Banks and Co-operative Banks. Fisher's Exact Test result ($p=0.000<0.01$) shows that there is a highly significant difference between the banks regarding BC/BF facility.
- In the case of the provision of modern multichannel financial services to farmers, 55.3 percent banks provide and 44.7 percent banks do not provide such services. As regards modern banking services, Nationalised Banks (97.4 percent) and Private Commercial Banks' (100 percent) role is significant, whereas the role of Karnataka Vikasa Grameena Bank and Co-operative Banks is negligible. It is clear from Fisher's Exact Test result ($p=0.000<0.01$) that there is a highly significant difference between banks with regard to the provision of modern banking services.
- The field survey confirmed that as far as technology adoption and automation are concerned, Karnataka Vikasa Grameena Bank and Co-operative Banks are lagging behind. Therefore, they are not in a position to provide Information and Communication- based banking services like ATMs, Phone Banking, Debit Card, Credit Card, Internet Banking, and other modern remittance facilities to people.
- Regarding the visit made by the bank staff to the farm or house of the respondents, 72.8 percent respondents said that their banker never visited them and 27.2 percent said that their banker has visited them either before or after sanctioning of loans. It is clear from the analysis that only Karnataka Vikasa Grameena Bank (35.1 percent) and Co-operatives Banks (36.7 percent) visited their customers' farm or house to a considerable extent and it was very less in case of Nationalised Banks (16.4 percent).

12. SUMMARY OF HYPOTHESES TESTED

The following hypotheses of the study are tested and the results are presented.

RH-No.	Hypotheses	Results	Remarks
H_1	The bank transactions will strengthen the socio-economic empowerment of marginal farmers.	X^2 =13.675, p=0.003, HS, d.f=3. Binomial Test p=0.0001< 0.01, HS **Accepted**	Chi-Square Test and Binomial Test results proved that the bank transactions will undoubtedly strengthen the socio-economic empowerment of marginal farmers.
H_2	The agricultural lending to marginal farmers has been increasing year after year.	Friedman Test X^2 =106.87, p=0.000< 0.01, d.f=4, HS, **Accepted**	There was gradual increase in the agricultural lending to marginal farmers over the years as proved in the Friedman Test.
H_3	The selection of bank by the marginal farmers is highly dependent upon its location close to their house.	X^2 =321.2, p=0.000 < 0.01 , HS **Accepted**	The Chi-square Test results showed that the selection of bank by the marginal farmers is highly dependent upon its location close to their house
H4	There is significant awareness among the marginal farmers with regard to the use of ATM services.	X^2=125.883, p=0.000< 0.01., d.f=3, HS **Rejected**	As only 41.8 percent respondents are aware of ATM services, there is no significant awareness among the marginal farmers with regard to the use of ATM services in the district (Chi-square Test).
H_5	The bank preference of marginal farmers is relatively high in favour of Regional Rural Banks.	X^2=130.03, p=0.000< 0.01. HS. **Rejected**	It was proved in the Chi-square Test that bank preference of marginal farmers is relatively high in favour of Co-operative Banks (48.3 percent).

13. RECOMMENDATIONS

The researcher proposes certain policy measures for Bankers as well as Marginal Farmers for strengthening their financial and social relationships, which are highlighted as follows.

A. From Bankers' Point of view

- From the results of the study it is clear that majority (70 percent) of the private sector bank branches are found in urban or semi-urban areas. Therefore, in order to deal with rural households and marginal farmers in particular, private sector bankers should open up more branches in rural areas.
- Bankers should conduct Customers' Meet at village levels frequently and motivate the farmer customers to attend such meetings in order to have collective interaction with bank people and fellow farmers so that they can clear their doubts and problems. These meetings should be an opportunity for bankers to accept suggestions and complaints from the customers. Bankers should provide remedies for the problems, and settle grievances on the spot as far as possible.
- The Post Offices in rural areas can be asked to provide full-fledged banking services to accelerate the financial inclusion programme. The Indian postman's intimate knowledge about the local population and the enormous trust that he commands can be of good use in the process of financial inclusion. Hence, similar to that of SHG-Bank Linkage Programme, SHGs-Post Office Linkage Programme should be initiated.
- The Bank Correspondents (micro bankers) and Business Facilitators Model must be implemented in each village so as to extend banking facilities to the unbanked and financially excluded people. In this regard, banks can permit kirana shops, medical stores, fair price shops, fertilizers and pesticide vendors, and public call operators to act as Bank Correspondents and Business Facilitators.
- The Interest Subvention may also be provided to Private Sector Banks, so that they can also grant loans at concessional rates. In this regard, there is a need for joint initiatives by the concerned Central Governments, State Governments, and Financial Institutions.
- Technology-Driven Rural Banking should be the new mantra. The use of ICTs can revolutionise rural households. Mobile Phone, Smart Cards, ATMs, etc., should be combined with the use of Bank Correspondents and it would create more banking habits and awareness among rural people.
- As it is already prevailing in the neighbouring states, bankers should come forward to open evening branches in rural areas of our state in order to enable rural people to have banking transactions after their labour work is over. For agricultural loans, applications should be provided in their local languages as most of the farmers are aware of their own local language only.

- It is also desirable that the Co-operative Banks, Commercial Banks, and Regional Rural Banks should open up women-managed branches to transact banking business. They should provide micro credit to beedi rolling womenfolk whenever they do not have beedi rolling work, especially during rainy season.
- The Crop Insurance Scheme should be extended to all commercial crops like, coconut, cocoa, areca nut, cashew nut, pepper, paddy, etc. It is because farmers are cultivating multiple crops or different crops in the district.
- Co-operative Banks should satisfy their customers by the use of improved technology-based banking services and should make the transactions in a much easier manner to attract the rural mass. The rural bank staff should have personal interaction with marginal farmer customers and should treat every single customer respectfully.
- There should be an attitudinal change to the credit system by the Grameena Banks. Nowadays rural people also prefer to have a bank office, which presents a good image with luxurious structures and good furnishings. It is because the image of a bank also counts in the long-lasting relationship between banker and customer.
- It is an apt time to embrace post offices for financial dealings and ATMs may be installed in each post office, because rural people keep in touch with post offices for letter correspondence and other small financial transactions.
- There should be appropriate legal policy arrangements for the recovery of loans. In this regard, it is advisable to have a recovery panel, which should include beneficiaries' participation in its formulation and enforcement. The governments and bankers collectively should educate the farmers about the procurement of bank loans, its apt utilisation, timely repayment, impact of over dues, and Non-Performing Assets in order to avoid wilful defaulters.
- Primary Agricultural Co-operative Societies (PACS) should be developed as a "unit" to meet all the needs of the farmers and should act as "one point solution" for the farmers' right from credit upto the supply of inputs and know-how. PACS can provide technology intervention, knowledge sharing, scientific storage facilities, and better marketing facilities to the marginal farmers for their financial empowerment.
- Bankers should open up Micro-branches and Mobile Banks in villages so as to inculcate the habit of banking among marginal farmers at their doorsteps without any difficulties. By doing so that they can protect the farmers from the clutches of private financial institutions and village moneylenders.

- There must be a provision to classify farmers into three categories, such as class–A farmers, Class–B farmers, and Class–C farmers based on their frequent and extensive use of banking services, prompt repayment, and spreading of banking habit among other farmers. Class–A farmers will be those who have strong banking habit, do banking transactions frequently with promptness in repayment, and inculcate banking habits among other farmers. Class-B farmers will be those who have banking habits, prompt in repayment, but do not contribute anything for the development of banking habit among other farmers. Class–C farmers will be those, who are treated as wilful defaulters, always waiting for loan waiver, and show lethargic attitude in banking activities, including repayment of loans.
- It is suggested that every bank should have a separate redressal cell for attending and settling the grievances of small and marginal farmers in a cost-effective manner. Proper redressal measures should be taken to process customer complaints. For this purpose, every banker should install suggestion boxes or complaint boxes. In this connection, bankers should organise Bank Lokpal/Banking Ombudsman meet frequently at village levels in order to receive complaints from rural people.
- Finally, bankers should show a keen interest in the implementation of Pradhan Manthri Jan Dhan Yojana (PMJDY). In this connection, bankers should simplify the KYC norms and should see that no marginal farmer is left out of the purview of this flagship programme. Bankers should see that opening of Savings Bank Account is the bare minimum transaction to maintain relationship with marginal farmers and all the earnings of the farmers should be directly remitted to their respective Savings Bank Account.

B. From Marginal Farmers' Point of view

The researcher has made certain recommendations and suggested few policy measures to enhance the relationship between bankers and marginal farmers, and also, to strengthen the financial empowerment of marginal farmers as follows.

- All marginal farmers should form more and more Joint-Liability-Groups (JLGs) and Self Help Groups (SHGs) for their socio-economic empowerment. This is because members of Self Help Groups can obtain loans without any documentary records, and loans are granted on mere personal guarantee of the members. The SHGs-Bank Linkage Programme has proved to be a flagship programme in poverty alleviation of

the rural poor. The formation of Joint- Liability-Groups and Self-Help-Groups will be a panacea for the financial and labour problems of the marginal farmers. Moreover, the members can make use of Self Help Groups even for marketing of their agricultural produce.

- Marginal farmers have to focus on high-yielding, high-income generating and eco-friendly crops and livestock in order to increase their productivity in small scale farms and should make use of available resources more intensively and judiciously. It is high time for marginal farmers to diversify their cropping pattern and to enhance non-farm income. They should adapt for marketing of agricultural produce on their own by marginalising the role of middlemen.
- Farmers should form "Farmers Club" at the village levels and meetings should be conducted at regular intervals in order to exchange views and grievances. This would be an appropriate platform for constructive interactions and deriving at fruitful decisions.
- The borrowers should not wait for loan waiver. Mere loan waiver does not make poor people rich; instead, it will lead to the collapse of the economy. Even if it has become inevitable, all types of farmers should not be considered for any subsidies, loan waivers or interest subventions. Only the deserving or the most disadvantaged farmers should be considered for extending these benefits.
- During the field survey, the researcher realised that one of the serious problems faced by marginal farmers was lack of uninterrupted power supply. Therefore, in this connection, the researcher proposes that the farmers may generate solar powers of their own and the surplus power so generated may be sold to those with power problems. For this purpose, bankers should grant loans at subsidised rate by the intervention of both central as well as state governments.
- The Government should ensure that farmers' income is deposited into their respective bank accounts. This would inevitably make the farmers visit their bankers frequently. In this regard, there must be a law to monitor the payment of wages to see that all the receipts and payments for goods and services are directly transferred into the beneficiaries' bank accounts.
- The marginal farmers should gradually turnout to be future agricultural entrepreneurs, so that they can generate more wealth and value for their occupation by eliminating

middlemen. To supplement this, marginal farmers should borrow only from institutional lenders and at any cost they should not depend upon village moneylenders.

- All marginal farmers should obtain Kisan Credit Cards from their bankers, so that they can borrow loans in a hassle-free manner and obtain agricultural inputs conveniently at subsidised rates.
- All farmers should get their agricultural crops insured with their bankers whenever they borrow loans. Apart from Agricultural Insurance, they should also be insured personally.
- There must be a provision of insurance arrangements for the livestock of the farmers, especially for cows, buffaloes, bulls, goats, sheep, etc. so that for any untimely death of animals due to illness or natural calamities or any contagious diseases the losses can be redressed.
- Marginal farmers should come forward to present their complaints and grievances to the respective bankers whenever they are ignored or hurt. If they do not get desirable remedy or reply they should not hesitate to complain to the Banking Ombudsman or the Bank Lokpal. In this regard, enough provisions should be made as a matter of policy to enable them to take the help of local panchayaths or NGOs.
- Training should be given by competent authorities, such as Agricultural Department, Local Panchayaths, Local Banks, Primary Agricultural Co-operative Societies, etc. on financial and legal literacy, numerical calculations, and on the rights and privileges of farmers' in order to determine credit requirements, funds utilisation, and loan repayment schedules.
- Finally, it is high time to insist that all the farmers must be educated for the purpose of conducting both agricultural and personal transactions on their own. Educated farmers will be in a position to understand latest Agricultural Policies, Agricultural Marketing Reforms, and Rules and Regulations. Above all, educated farmers may get rid of their blind beliefs, superstitions, and personal ethos. It is because in order to reap the fruits of liberalisation, privatisation, and globalisation, farmers should also inculcate competitiveness and competencies.

14. DIRECTIONS FOR FURTHER RESEARCH

In spite of a detailed investigation done on bankers and marginal farmers' relationship strategies, the findings of the study disclosed that there is enough scope for

further research in the present study area and greater potential for further improvement. The feasible areas where further research can be conducted are highlighted as follows:

1. The Impact of Agricultural Insurance on farmers' socio-economic empowerment: At present, only notified crops have been brought under crop insurance facility in the district. Hence, a study may be undertaken on the feasibility of extending agricultural insurance to all major crops like areca nut, coconut, pepper, cocoa, banana, cashew, etc.

2. Agricultural marketing strategies and marketing reforms: its relevance on the marginal farmers: Marginal farmers are not aware of marketing strategies as to when, where, how, and to whom the agricultural produces should be sold based on demand and supply trend prevailing in the market. Hence, this area can be considered for further research.

3. Role of Small Finance Banks and Payment Banks in the Financial Empowerment of Marginal Farmers: The Reserve Bank of India announced the introduction of Small Banks and Payment Banks in order to overcome the challenges of high operation costs faced by the existing banks in rural and semi-urban areas. Hence, research can be done on their scope, role, and suitability from marginal farmers' point of view.

4. Private-Public-Participation (PPP) in Agricultural Sector: The government proposes to initiate Private–Public–Participation model in the agricultural sector to have private investment for agricultural infrastructure development. Hence, this could be an area for research as to study its future prospects and consequences from a marginal farmers' point of view.

5. Impact of loan waiver on bankers, marginal farmers and economy as a whole: Research can be conducted to unveil the drawbacks of loan waiver. The problems and prospects of loan waiver from the bankers and borrowers perspective and its impact on the economy can be analysed empirically.

6. Role and Relevance of MNCs starting banking business in India: As a result of liberalisation, privatisation, and globalisation, the Government of India has decided to permit MNCs to start banking business in the country. A study has to be undertaken on its role, relevance, and impact on marginal farmers in India.

15. CHAPTER LAYOUT

The study report is spread over seven chapters as given below:

Chapter 1: Introduction: This chapter gives the basic framework of the study and also depicts the technical details of the study report. The technical details comprise of conceptual framework, statement of the problem and research questions, objectives, research methodology and sample design, hypotheses, scope and limitations of the study, significance of the study and the chapter classification.

Chapter 2: Review of Literature: This chapter makes a detailed survey of earlier works on the issue under study. This specifically focuses on the contribution and findings of other researchers in the present study area and in turn, it will enable the researcher to identify the research gap.

Chapter 3: Profile of Dakshina Kannada District: This chapter deals with the socio-economic environment, physical and geographical features, infrastructural facilities, agricultural development, industrial progress, banking growth and various financial schemes and services implemented in Dakshina Kannada district.

Chapter 4: Socio-economic Profile of the Respondents: This chapter gives a detailed profile of the bankers and marginal farmers and their socio-economic status. It specifically conveys the gender, age group, occupation, educational background, annual income, family details, and landholdings, etc., of the marginal farmers and the name, location and number of customers possessed by the bankers.

Chapter 5: Quantitative Relationship Strategies of the Respondents: This chapter throws light on the financial performance and prospects of Bankers' towards Marginal Farmers, attitude shown and responses of the marginal farmers on the performance of the bankers over the period of study.

Chapter 6: Qualitative Relationship Strategies of the Respondents: This chapter highlights the analysis of certain strategical tools of the relationship between bankers and marginal farmers and the various financial schemes undertaken to enhance the rapport between bankers and marginal farmers.

Chapter 7: Summary of Findings, Recommendations and Conclusion: This concluding chapter will not only provide a bird's eye view of the observations and specific recommendations made by the researcher for improving the relationship between bankers

and marginal farmers, but also the concluding remarks based on the findings and experiences obtained during the course of the study with directions for further research.

16. CONCLUSION

The thesis intends to throw light on issues such as the socio-economic profile of marginal farmers, the fundamental problems faced by marginal farmers, nature of bank assistance and services expected by the marginal farmers, existing relationship between bankers and marginal farmers and suggested strategies for improving the relationship between bankers and marginal farmers. The present study does not exhibit the role of agricultural credit merely a support to food-producing activity, but as a motivating factor to improve the overall income and economic well-being of the farmers. In this connection, a novel tool called the Kisan Credit Card Scheme was introduced by the Government of India to help farmers to access timely and adequate credit. Microfinance is yet another key factor which influences the socio-economic profile of marginal farmers. It is interesting to note that Shri Kshetra Dharmasthala Rural Development Project (SKDRDP) is the biggest NGO micro finance institution in the country. This is popularly known as Pragathi Bandhu model. This has been regarded as one of the best examples for SHG–Bank Linkage programme in the district. It is high time for the bankers thought deeply as to how best the "Bank Correspondent and Business Facilitator" models may be implemented as they have great potential to reach out to small borrowers and depositors. Another milestone programme implemented in the district is Pradhan Mantri Jan Dhan Yojana (PMJDY). Dakshina Kannada District stands first in the implementation of PMJDY in the country with 100 percent achievements. As on 15th November 2014, all the 4, 39,773 families of the district have opened bank accounts under the PMJDY Campaign.

By and large, credit has to be an integral part of overall programmes initiated by the banks and it should be aimed at improving the productivity and income of farmers and farmer households. Banks need to adopt a considerable approach towards those who are financially excluded and socially disadvantaged. New transactions, cost-reducing technology, legal push and changed attitude of bankers only can put banking within the reach of all. To be successful a bank needs to be not just "High Tech, but High Touch" as well. Customer Service will not improve by regulatory directives, but will improve when banks genuinely feel for the customers and treat the customer as king. It is neither the hardware nor the software but the human ware which is going to improve the customer service. Hence, it is the need of the hour that the bankers should frame a customer-friendly

strategy, which helps in buildings a long-lasting relationship with farmers in general, and marginal farmers in particular.

In a nutshell, this thesis has made an attempt to trace the relationship strategies adopted by the bankers and its uses, significance and relevance on marginal farmers' socio-economic empowerment. On the whole, Indian banks have to go a long way in building strong relationship with marginal farmers through formulating and implementing farmer-friendly strategies, which should pave the way for the farmers' socio-economic empowerment. The financial schemes and strategies should be in such a way as to provide credit to the farming households in a hassle-free manner and at an affordable cost.

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